

PS 8570.01 ACCOUNTING PROCEDURES FOR CIVILIAN AND INMATE PAYROLLS
- FPI



Program Statement

OPI: FPI
NUMBER: 8570.01
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SUBJECT: Accounting Procedures
for Civilian and Inmate
Payrolls - FPI

1. **PURPOSE AND SCOPE.** To establish policies and procedures for processing civilian and inmate payroll in FPI's financial management system.

Federal Prison Industries' (FPI) civilian payroll is prepared by the Department of Agriculture's National Finance Center (NFC), based upon information submitted to it on the Personal Computer Time and Attendance Remote Entry System (PC-TARE) or the replacement system, the System for Time and Attendance Reporting (STAR). The NFC makes bi-weekly salary payments to FPI employees and posts financial data resulting from that disbursement to its Department of Justice - Central Accounting Data Inquiry System (DOJ-CADI).

The FPI Central Office accesses this financial data, referred to as Accounting Station Posting Media (ASPM), through NFC's DOJ-CADI System. Upon posting the cash transaction to the general ledger, Central Office staff then mail these ASPMs to each location's Business Manager who is responsible for allocating the payroll expense for his or her respective location to the appropriate expense accounts and cost centers in FPI's financial management system.

The Bureau's Human Resource Manager provides instructions for maintaining Time and Attendance reporting as outlined in the Human Resource Management Manual.

The Associate Warden (AW,I&E) or Superintendent of Industries (SOI) at each FPI location has responsibility for employing inmates and selecting them for key positions, premium pay positions, and other specialized positions as may become available to inmate workers, after appropriate screening by the Unit Team. The Business Manager or Plant Controller at each FPI field location is responsible for paying those inmate workers in accord with the Program Statement on FPI Work Programs for

Inmates by preparing the monthly inmate payroll using FPI's Inmate Payroll System (IPS).

This directive reflects modifications in FPI's payroll programs as a result of the implementation of the **Millennium** system. Among the more significant changes are:

- Civilian payroll charges are now transferred to field locations through the general ledger;
- Contingent annual leave is no longer transferred between locations throughout the year; and
- Institutions now bill FPI's Central Office agency location code for local inmate payroll costs.

2. **PROGRAM OBJECTIVES.** The expected results of this program are:

a. Civilian salary and inmate labor related expenses will be recorded in the FPI general ledger promptly and accurately.

b. Civilian salary and inmate labor related expenses will be classified consistently for each FPI location.

c. Inmate payroll will be calculated and prepared in accordance with current regulations.

d. Civilian and inmate payroll related entries will be recorded and reviewed using the appropriate transactions and reports.

e. General ledger accounts affected by civilian and inmate payrolls that are plant specific will be supported by a spreadsheet or other form of documentation at FPI locations.

3. **DIRECTIVES AFFECTED**

a. **Directive Rescinded**

OM 050-00 (8501) Payroll Accounting Procedures (10/6/00)

b. **Directives Referenced**

PS 1600.08	Occupational Safety and Environmental Health (8/16/99)
PS 3000.02	Human Resource Management Manual (3/10/94)
PS 3451.03	Awards Program, Incentive Awards (5/10/94)

PS 8000.01	UNICOR Corporate Policies and Procedures Manual (5/31/81)
PS 8060.03	FPI Factory Gainsharing Award (3/11/99)
PS 8120.02	FPI Work Programs for Inmates (7/15/99)
PS 8281.01	FPI Work Measurement Program (6/1/95)

4. STANDARDS REFERENCED

a. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: 3-4407

b. American Correctional Association 3rd Edition Standards for Adult Local Detention Facilities: 3-ALDF-5A-18

5. CIVILIAN TIME AND ATTENDANCE (T&A) CLERKS. The AW(I&E)/SOI must select and notify civilian T&A clerks in writing at each FPI location. These clerks will be provided with the payroll instructions for the PC-TARE system or the replacement, STAR. All T&A clerks and supervisors must comply with the instructions and report accurately the time and attendance of all civilian employees assigned in their area of responsibility, as outlined in the Human Resource Management Manual.

6. CIVILIAN PAYROLL ACCOUNTING CLASSIFICATION CODE. The FPI civilian payroll accounting classification code is used to determine the appropriate cost center to which an employee's salary is to be charged. It is also used by the NFC to group individual salary charges by location on the ASPM.

a. **Determining the Appropriate Accounting Classification Code.** The Business Manager at each location is to determine the appropriate FPI civilian payroll accounting classification code, as contained in the Financial Management Technical Reference Manual, for each staff person at his or her location. Then, the Business Manager will provide a list to the appropriate T&A clerk and to the local Human Resource office containing each staff person's name, title, and accounting classification code.

This list is to be revised as employees transfer in and out of FPI or as they are transferred between cost centers at the same location. The T&A clerk is to use these codes when entering payroll data into the PC-TARE or STAR.

b. **Locations not having a local Business Office** are to be directed by the Business Manager at the prime site to use an accounting classification code that contains the prime location's geographic locator.

c. **The Business Manager is to review T&As periodically to**

ensure the correct accounting classification codes are being used.

7. PROCESSING THE BI-WEEKLY CIVILIAN PAYROLL

a. **Civilian Payroll Spreadsheet.** For each pay period, the Financial Manager in the Financial Management Branch (FMB) of Central Office will direct staff to complete a spreadsheet detailing total payroll amounts by location. This spreadsheet total must agree with the total from the summary level ASPM, less amounts withheld for staff housing.

This spreadsheet is to be sent via electronic mail to all locations and supported by the detail level ASPMs sent to each location via express mail. The Business Manager or his or her designee must make the appropriate entries into the financial management system within two days of receiving the ASPM.

b. **Recording Civilian Payroll to the General Ledger.** Upon completing the payroll spreadsheet, the designated FMB staff in Central Office are to record the transaction in the general ledger, crediting the Operating Cash account and debiting the Civilian Salaries, Special, Central Office Distribution account (610150) and cost center (301_XXXX) for each location's amount of the payroll. The designated FMB staff in Central Office must ensure that the total amount charged to expense in the general ledger agrees with the total of the civilian payroll.

Upon receiving the spreadsheet and ASPM, each location is to apportion the payroll amounts to the appropriate general ledger accounts and cost centers, using the Post Document transaction (FB01). The field location Business Manager must notify FMB immediately if the amount charged to his or her location's general ledger expense account does not agree with the spreadsheet and/or their respective ASPM.

c. **Reconciling Cash.** At the end of each month FMB's Cash Management Section must reconcile the abstracts received from the NFC with the civilian payroll spreadsheets and the corresponding charges to the general ledger cash account for the month. If there are charges on the abstracts that cannot be identified, FMB staff in Central Office are to research the charges and, if necessary, contact the NFC for an explanation.

d. **Month-end Accruals.** At the end of each month, but no later than the second work day of the new month, FMB and each FPI location must create a journal entry for civilian wages accrued but not paid. The accountant must prepare a spreadsheet or other document using the latest ASPM as a base, or the accounts and

respective amounts from the last civilian payroll ledger entry.

To compute the accrual, the accountant is to multiply the base rate by the number of days, hours, or pay period or part of a pay period (i.e., 1.6 pay periods) remaining in the month for which a general ledger transaction has not yet been processed. The accrual is to be accomplished using the "Enter Accrual/Deferral Doc." transaction (FBS1), crediting Accrual - Civilian Pay (222020) and debiting the appropriate expense accounts and cost centers. The appropriate plant identifier must be used.

Using the "General Ledger, Line Items" transaction (F.51), the Business Manager or designee must ensure that the supporting spreadsheet or other document agrees with the end of month general ledger balance for the Accrual - Civilian Pay liability account. At the beginning of the new month, the Business Manager or designee is to reverse the civilian pay accrual for the prior month, using the "Reverse Accrual" transaction (F.81).

8. STAFF HOUSE RENTAL DEDUCTIONS. Any FPI employee occupying Bureau housing must have the appropriate amount of rental expense deducted from his or her bi-weekly pay. When recording the civilian payroll in the general ledger for each location, the designated FMB staff in Central Office must debit the net amount of each payroll to the appropriate expense account (610150), and credit the Cash Operating account. The affected location's Business Manager or designee is to debit the appropriate civilian salary expense accounts for the gross amount of the payroll and credit the 610150 account for the balance in that account and the Other Liabilities account for the amount of the rental expense withheld.

Affected locations are to remit house rental deductions monthly to the Bureau and debit the Other Liabilities account via the 'no-check' voucher.

9. CIVILIAN PAY INCENTIVE AWARDS. The Program Statement on Awards Programs, Incentive Awards and the Program Statement on Factory Gainsharing Award, FPI establish the Incentive Awards Program policy. These policies apply to all FPI employees.

10. ACCRUING CONTINGENT ANNUAL LEAVE. At the end of the fiscal year the Business Manager or designee at each field location and FMB Central Office is to accrue the total dollar value of annual leave and compensatory time accumulated but not taken by that location's employees. (The accrual includes compensatory time because employees who have unused compensatory time to their credit at the time of transfer or separation are to be paid for that time.)

a. The accountant must determine the amount of contingent annual leave to accrue per employee by preparing a spreadsheet containing the number of hours of accrued annual leave to carry forward multiplied by an hourly rate computed from the latest ASPM. These amounts are then compared to the amounts currently accrued per employee to determine the proper adjustments.

The total amount of the adjustments is to be debited or credited to the liability account, Contingent Annual Leave (261000), with a Plant Identifier. The corresponding entry is to be made to Contingent Annual Leave expense (610700) by appropriate cost center. The accrual is to be made using the "G/L Account Posting" transaction (FB50) or other appropriate transaction.

The Business Manager is to maintain the spreadsheet containing the hours and amount of annual leave for each staff person as a subsidiary ledger supporting the liability account. Using the "General Ledger, Line Items" transaction (F.51) or other appropriate transaction, the Business Manager or designee must ensure that the supporting spreadsheet agrees with the end of year general ledger balance for the Contingent Annual Leave liability account.

b. It is not necessary to redistribute contingent annual leave amounts during the year when an employee transfers to another FPI location. The receiving factory will make any necessary year end adjustments for the employee's annual leave to the Contingent Annual Leave expense account (610700) using the receiving factory's cost center. At year end, the losing factory will establish its Contingent Annual Leave balance by **not** including the departed employee in its valuation.

c. When an employee retires or otherwise separates from the Bureau, the Contingent Annual Leave liability account is to be reduced by the amount of the annual leave settlement as it appears on the ASPM. Any variances in the liability account caused by this entry will be rectified when annual leave balances are re-computed at year end.

11. **INMATE PAY.** Inmate worker personnel matters are governed by the Program Statement on FPI Work Programs for Inmates. That policy outlines procedures for recruitment, hiring, work standards, and matters concerning pay and benefits. The FPI Inmate Payroll System (IPS) is designed to process payroll in accord with that PS' requirements.

12. **GRADING INMATE JOBS.** All inmate positions within FPI are to be supported by a Job Grading Sheet (FPI Form 82) and Job Schedule (FPI Form 83).

a. **Inmate Job Grading Sheet.** Inmate pay is based upon the grade of the job performed. The grade is determined and justified using the FPI Form 82 or other Product Support Center (PSC) approved substitute. This form is used to determine categories for the duties covered by an individual position and to determine a pay grade rating for that position.

Categories of duties are matched with actual job duties. The grade is determined using the numeric weights assigned to each category of duties. The job and its rating then become a part of the FPI factory's pay grade structure for payroll purposes.

- The classification method is based on the Dictionary of Occupational Titles (DOT) published by the U.S. Department of Labor. The DOT is available from the Superintendent of Documents, U.S. Government Printing Office, Washington DC and is also available on the Internet. In all cases, the appropriate nine digit DOT code is to be reported along with the DOT job title.
- The civilian foreman who is directly responsible for the job's performance, also is responsible for preparing the FPI Form 82. The Factory Manager or support manager (e.g., Quality Assurance Manager) is to approve all FPI Form 82s within his or her department.

b. **Inmate Job Schedule.** The FPI Form 83 (or PSC approved substitute) displays the grade structure and level of inmate employment for each FPI factory. This form lists all current jobs, titles, and pay grades.

While the FPI Form 82 is concerned with the a single position's structure, the FPI Form 83 is concerned with the composite structure of all positions. It is based upon FPI Form 82 information and provides data on production area skill (grade) needs.

The FPI Form 83 is compiled by the factory or section manager, reviewed and approved by the location's AW(I&E)/SOI and Warden, and approved by the appropriate Corporate Staff Office (e.g., General Manager). Each location is to submit an original and two copies of the FPI Form 83 supported by the FPI Form 82.

The Corporate or General Management Office will return the approved originals of the FPI Form 83 and a copy of the FPI Form 82 to the originating location, and will retain a copy for the working files.

c. **Business Office Inmate Positions.** The grading and scheduling of inmate jobs in areas assigned to the FMB (Business Office and Warehouse) are initiated by the Business Manager and reviewed and approved by the AW(I&E)/SOI and the Warden. Further FMB approval is not required.

d. **Completing the Forms.** The FPI Forms 82 and 83 are to be filled out completely and checked to verify that the DOT titles and codes used are recorded accurately on both forms. When job titles and codes are grouped by department or section, subtotals for those units must be shown.

Revised FPI Forms 82 and 83 are required whenever changes occur in job titles and codes, grade structure, or the number of inmate positions. Revised forms are to be processed in the same manner as the original FPI Form 82 and 83. When temporary or emergency situations require, the total authorized complement may be exceeded by 10 percent without referral to the General Manager.

e. **Cyclic Review.** The Program Statement on FPI Work Programs for Inmates requires that a review of inmate worker positions be completed prior to the annual Memorandum of Understanding (MOU) meeting and for any major product line change. To comply with this requirement, field locations are to submit the FPI Form 83 that is to support the MOU to the respective General Manager for approval prior to submitting the MOU. Due dates for submitting the MOU are established in the FPI Operating Plan Development Operations Memorandum published annually.

13. **INMATE PIECE RATE PAY.** Factory Managers are to use the FPI Form 57, Labor Estimates/Time Study, and the FPI Form 58, Schedule of Labor Rates, to develop and support piece rates. Once the rates are developed, they are to be scheduled on the FPI Form 83, and considered effective after approval by the Warden, General Manager and the PSC. Substitute forms or spreadsheets may be used in lieu of FPI Forms 57, 58 and 83 with the PSC's approval.

14. INDIVIDUAL INMATE PIECE RATE WORKERS

a. Two factors determine the amount of payment made to individual piece rate workers. The first factor is the number of units the individual piece rate worker produces. The second factor is the rate of pay for each unit.

Example: During a specific month, a piece rate worker produces 1,440 units with a predetermined piece rate of eight cents per unit. The inmate worker's monthly pay would be \$115.20. Assuming that the inmate put in 150 working hours, his or her rate of pay per hour would be approximately 77 cents an hour.

b. While the hours worked are not necessary for determining an inmate's monthly pay check, those hours must be maintained for other payroll and control purposes. The number of hours provides a basis for reviewing and analyzing the current individual piece rate formula's reasonableness compared with estimates or standards.

c. All FPI jobs under comparable pay systems with comparable grade assignments are to provide approximately the same compensation to inmates. The particular Product Group or factory involved should not be a determining factor in the payment rate made for comparable work.

15. **INMATE WAGE FUND -- GROUP PIECE WORKERS.** To determine pay for inmate group piece workers, the available "wage fund" is computed by multiplying the units of production that the group completed by the applicable rate or rates. The hours actually worked in the 1st, 2nd, and 3rd grade jobs are to be increased by 150 percent, 100 percent, and 50 percent respectively and then added to the hours worked in 4th grade jobs to determine basic hours. The total wage fund is divided by basic hours to determine the hourly rate for 4th grade jobs.

Rates for other grade jobs are to be determined by increasing the 4th grade rate by the same percentages identified above. All decimals beyond the fourth place are dropped and any remaining balance is added to the wage fund for the next period.

Example: A group of workers produce 840 units during the month in 13,000 hours. The rate established through time study or estimate using the FPI Forms 57 and 58 is \$10 per unit. The wage fund for the

month is \$8,400 (840 units times 10). Hours worked were: 1st grade - 2,000 hours; 2nd grade - 3,000 hours; 3rd grade - 2,000 hours; 4th grade - 6,000 hours. Pay rates are determined as follows:

Step 1:

Job Grade	Actual Hours Worked (see ex.)		% Added to Actual Hours to Compute Basic Hours
1st	(2,000)	+	150% (3,000) = (5,000)
2nd	(3,000)	+	100% (3,000) = (6,000)
3rd	(2,000)	+	50% (1,000) = (3,000)
4th	(6,000)	+	None (0,000) = (6,000)
Total:	(13,000)		(20,000)

Step 2:

4th grade rate = total wage fund divided by basic hours
 - In above example, this is \$8,400 divided by 20,000
 basic hours = .42 (42) as 4th grade rate.

Step 3:

Job Grade	Hourly Rate/Group Worker (see example)
1st	4th grade rate plus 150% (.42 + 150% of .42 = .42 + .63 = \$1.05)
2nd	4th grade rate plus 100% (.42 + 100% of .42 = .42 + .42 = \$0.84)
3rd	4th grade rate plus 50% (.42 + 50% of .42 = .42 + .21 = \$0.63)
4th	4th grade rate plus 0% (.42 + 0% of .42 = .42 + .00 = \$0.42)]

a. If sufficient work is not available to provide individual and group piece workers hourly earnings equal to basic hourly rates, the SOI/AW(I&E), through the Warden, may request authority from the Assistant Director to change from the group piece plan to an hourly pay plan.

b. The wage fund may not be subsidized to bring wages up to the basic hourly rate if sufficient work is available even though individual and group piece work hourly earnings are less than hourly workers in the same grade.

16. LIMITATION ON INMATE PIECE RATE PAY PLANS. The Warden is authorized to set the incentive piece rates, based upon the recommendations of the AW(I&E)/SOI, PSC, and the appropriate General Manager. Piece rates are to approximate the standard hourly rate. Actual rates of pay will vary depending on the skills of an individual but ordinarily are limited to no more than 20 percent above the standard rate.

a. The AW(I&E)/SOI must explain on the monthly MOU reasons incentive rates exceed the published maximums in any given month. The explanation is to include:

- ! the number of inmates receiving wages in excess of 120 percent of standard pay,
- ! the effective hourly rate of pay, and
- ! the reasons for the approval.

b. The local work measurement coordinator must review pay rates exceeding 120 percent of the corresponding standard rate for the job grade for more than three consecutive months for accuracy. The documentation for the corresponding standard rate must then be submitted for the approval of the Warden, PSC Manager and appropriate General Manager if any of the following conditions are met:

- ! Over 25 percent of the inmates assigned to the corresponding standard rate are entitled to a wage exceeding 120 percent of the piece rate for the corresponding standard rate.
- ! Modifications in equipment or procedures occurred since the corresponding standard rate was established.

c. The Warden, PSC Manager, and General Manager are either to approve or deny the request in writing and justify their action. If approved, the pay rate of the corresponding standard rate is effective until any of the following conditions are met:

- ! Over 25 percent of the inmates assigned to the corresponding standard rate are entitled to a wage exceeding 120 percent of the regular hourly wage.

- ! Modifications in equipment or procedures occurred since the establishment of the corresponding standard rate.
- ! One year has occurred since the Warden, PSC Manager and appropriate General Manager approved the corresponding standard rate.

d. The PSC must review all pay rates exceeding 120 percent of the corresponding standard rates for more than three consecutive months for accuracy annually and documentation for the corresponding standard rate must be submitted for approval of the Warden, PSC Manager and appropriate General Manager.

17. **INMATE OVERTIME COMPENSATION.** Inmates are to be paid overtime pay at a rate of twice the hourly rate for hourly, individual, and group piece workers when the total hours worked (including administrative pay) exceed the industrial operation's regularly scheduled workday.

Example: An industrial operation has a scheduled workday of seven and one-half hours. The inmate's regularly scheduled workday consists of five hours. If the inmate works 10 hours, the inmate has earned two and one-half hours of overtime pay (hours worked by the inmate minus the industrial operation's regularly scheduled workday). **Note:** The 10 hours do not need to be continuous. The inmate, within the same workday, could have worked two shifts of five hours each.

a. Hours worked on days outside of the scheduled workweek (e.g., Saturday) must be compensated at the overtime rate.

b. For individual piece workers, overtime earnings are determined by the amount of total piece work earnings for the day divided by the total number of hours worked that day. This rate is then multiplied by the number of hours worked during the overtime period to get the total overtime premium wages. The premium portion of overtime is then added to the total of units produced during the overtime multiplied by the rate.

Example: Assume a scheduled workday of 7 hours in this example. The inmate works 10 hours (3 hours overtime) completing 70 units at .10 per unit; 20 of the units were completed during overtime. Overtime wages would be determined as follows:

Step 1:

Total Units (70) x Rate Per Unit (.10)	=	Average Hourly Rate (.70)
Number of Hours Worked (10)		

Step 2:

Average Hourly Wage (.70) x Overtime Hours (3)	=	Overtime Premium (\$2.10)
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Step 3:

Units during Overtime (20) x rate (.10) = \$2.00	Total Overtime Pay = \$2.10 + 2.00 = \$4.10
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c. An inmate worker on a standard pay plan during the regular workday who works overtime under an individual incentive pay plan must receive piece work earnings plus the inmate standard hourly wage for the overtime period.

d. Overtime for workers in a group piece plan is added to the wage fund after computing the base rate for each grade. This is to ensure that the amount of overtime paid to one individual will not in any way affect the basic hourly rate of the other workers.

18. **INMATE LONGEVITY PAY.** An inmate earns an additional hourly pay allowance for longevity of FPI work service as specified below. For longevity pay purposes, a month includes any part of a month in which an inmate is in FPI work status.

Length of Service	Longevity Pay Per Hour
after 18 months	10 cents
after 30 months	15 cents
after 42 months	20 cents
after 60 months	25 cents
after 84 months	30 cents

Example: An inmate with length of service of 19 months and earning \$1.15 per hour. Overtime pay for this inmate would be computed as follows: two times the

hourly rate ($2 \times \$1.15 = \2.30), then add the ten cents longevity pay for a total wage of \$2.40 per hour.

Longevity pay is classified as indirect pay and may not come out of a wage fund. This pay is to be charged to the Indirect Labor; Inmate account (611500).

19. INMATE VACATION PAY

a. Vacation credit earned per month is determined by whether the inmate is a full-time or part-time worker and the number of months service the inmate has achieved in FPI work status.

	First Year	Subsequent Years
Full-time	1/2 day per month	1 day per month
Part-time	1/4 day per month	1/2 day per month

Vacation credit is computed within IPS each month.

b. When an inmate takes and/or is paid for earned vacation, the total hours involved are multiplied by the inmate's regular hourly rate of compensation, including longevity pay, to arrive at the compensation payable.

c. Vacation pay is classified as indirect pay and may not come out of any wage fund. Actual pay is to be at the standard hourly rate, plus longevity pay when applicable, for the grade the inmate holds when the vacation is taken. Vacation pay is charged to the Indirect Labor; Inmate account (611500).

20. **INMATE ACCIDENT COMPENSATION.** In addition to Title 28 of the Code of Federal Regulations (28 CFR), information on the Inmate Accident Compensation Program is contained in the booklet "Inmate Accident Compensation Procedures" given new inmates upon arrival at the institution, and in the Program Statement on Occupational Safety and Environmental Health.

a. Inmate lost-time work injuries are contained on the Injury Report (BP-140) and the Lost Time Follow-up Report as submitted by the Safety Department. The Business Manager or designee is to use this report to compute inmate lost-time wages.

b. Lost-time wages paid to inmates for the period during which they are medically idle, hospitalized, or confined to quarters due to work-related injuries are charged to the Inmate Accident

Compensation account (612200). These expenses are to be charged to the applicable operation and **not** to Other Expense.

c. To maintain control over payment of lost-time wages to inmates transferred to a Medical Referral Center (MRC) for treating a work-related injury, the following actions must be taken:

- ! continue to accrue the inmate lost-time wages on the payroll; and
- ! before initiating a payment to the inmate, determine monthly, through telephonic or written communication, from the Medical Director at the MRC that the inmate is still receiving treatment for the work-related injury.

21. **POST-RELEASE INMATE ACCIDENT COMPENSATION**

a. The FMB Business Office must expense any post-release definite or indefinite award of inmate accident compensation made as a result of a work-related injury during the month in which the award is determined.

b. Definite awards are a fixed amount and paid in a lump sum. The total award liability is to be established in the Accrued Expenses account and charged to the Other Expense, Inmate Accident Compensation account.

Payable individual subsidiary records for each award are to be maintained, as necessary. Expenses are to be transferred quarterly to the program responsible for the award.

c. Indefinite awards are specific monthly awards made up for an indefinite period. The FMB Business Office must pay the charges monthly as authorized by the Bureau, charging the Other Expense, Accident Compensation account.

22. **FUNDS DUE DECEASED INMATES.** If an inmate dies with such monies owed to him or her from the United States, payment is not authorized except to a legal representative of the estate or in accord with the laws of descent and distribution of the state of domicile, there being no applicable federal law.

Such claims will be settled when presented by a legal representative of the estate, or by the deceased inmate's relatives, showing their relationship and other necessary proof that such arrears of compensation are properly payable to them. The Field Office is to settle claims in accord with CGD A-44008, August 26, 1933, and 4 GAO 3500.

23. PREPARATION OF INMATE INDUSTRIAL PAYROLL

a. Wages earned by inmates are to be computed by Business Office personnel monthly not later than the second working day and forwarded to the Commissary Supervisor not later than the **fourth** working day of each month following the month in which earned. Such funds may be disbursed only in accord with the institution's rules.

b. The official door check sheet and other basic time reports as produced by IPS and approved by each factory constitute the daily record of each inmate's time. Only staff may handle original door check sheets and piece rate reports.

c. Civilian supervisors are responsible for completing and submitting daily time and attendance data. Inmate clerks may post daily time and attendance data and employment data into IPS; however Business Office staff must review and sign the Employment Status, Labor Status, and Call-Out Status Reports prior to changing the Lockfile status to 'Final.'

d. After payroll has been completed, the Business Manager or designee must run a copy of the UNICOR Commissary Report. After the AW(I&E)/SOI and an authorized certifying officer have reviewed and signed the original copy, the data is to be downloaded to a diskette, which is to be hand-carried by a staff member to the Institution Business Office.

This constitutes their authority to debit and credit the individual inmates' personal accounts in the amounts indicated. The UNICOR Commissary Report constitutes the inmate payroll voucher.

e. At the end of each month, but no later than the second work day of the new month, each FPI location is to make a journal entry for inmate wages accrued during the month but not paid. The IPS Payroll Costs Report or other appropriate IPS reports are to be used as supporting documentation.

The accountant is to record the accrual using the "G/L Account Posting" transaction (FB50), the "Enter Accrual/Deferral Doc" transaction (FBS1) or other appropriate transaction. The accountant is to credit the Accrued Inmate Pay account (222010) with the Plant Identifier and debit the appropriate general ledger expense accounts and cost centers.

Using the "General Ledger, Line Items" transaction (F.51), the Business Manager or designee must ensure that the IPS Payroll Costs Report or other documentation used for the accrual agrees with the general ledger Accrued Inmate Pay account.

f. After the inmate payroll has been accrued, staff in the local FPI Business Office are to enter a 'No Check' voucher by Plant (transaction FB60) into **Millennium** to debit the Accrued Inmate Pay account (222010) and credit the Accounts Payable Open Item Management account (211000) using the vendor number 1746. Reference data is to include the month of the inmate payroll and the location for which the payroll pertains. The total amount of the invoice must agree with the amount submitted to the local institution for payment to inmates.

Immediately after posting the 'No Check' invoice, the field location must place a payment block type 'L' on the invoice. Failure to do so will result in payment runs processed before the cash disbursement has actually taken place.

g. Since Institution Business Offices are to bill FPI's Central Office Agency Location Code (ALC) via the On-Line Payment and Collection(OPAC) system for inmate payroll, the FMB Business Manager or designee is to access the Government On-Line Accounting Link System (GOALS) daily and forward all charges for inmate pay to Central Disbursements. Central Disbursements staff are to access the appropriate vendor account and unblock all invoices for which an OPAC charge was received and post a 'No Check' payment run for vendor 1746.

24. **INMATE FINAL WAGE.** Bureau policy is to pay inmates upon release any funds due them when they leave the institution, either in cash or by check. Funds are to be given to them or forwarded immediately so inmates can receive it at their destination. Since this occurs before the monthly payroll is complete, it becomes necessary to determine the amount of wages due the inmate for the current month.

This determination is to be furnished upon institutional officials' request by noon of the day prior to the departure day. The final wage statement is to be in writing, signed by the Business Manager or designee, showing the industrial earnings amount for the current month to the date of release, plus any earned vacation pay. It is also essential that there be no difference between the amount thus determined and the final amount of compensation.

Wages for an inmate who works on hourly or individual piece work is easily calculated. Group piece workers are paid the standard hourly rate for the grade. The standard hourly rate will be applied to the total hours worked with applicable longevity and overtime premium pay added to the total thus determined.

The total of such advance standard hourly pay to released group piece workers must be deducted, exclusive of longevity and overtime premium pay, both as to hours and money, from the group piece wage fund for the month. This ensures that the predetermination amount will be the amount actually included in the payroll as compensation paid to the released inmate.

25. REVIEWING CIVILIAN SALARY AND INMATE LABOR RELATED EXPENSES.

After all civilian and inmate payroll disbursements and accruals for the month have been recorded, the Business Manager or designee at each location must print and review by location the report of expenses (S_ALR_87013611) or other equivalent report. Each cost center and element is to be reviewed for reasonableness; any errors are to be corrected. This review must be completed before the monthly close out is done.

As evidence that the review took place, the Business Manager or designee is to sign the report and maintain it on file for two years or until the next audit or Program Review, whichever is longer.

Kathleen Hawk Sawyer
Director